

# The Financial Corner with Joanne Vesprini



A quarterly newsletter filled with practical wealth management advice that covers various aspects of financial well-being

## Summer 2020

- Understanding the Cycle of Market Emotions
- Hoping for the Best, Preparing for the Worst
- Protecting Yourself from COVID-19 Scams

*My thoughts,*

Willows Beach, Oak Bay

*At the beginning of the year the daily news included talks of impeachment, China vs US trade negotiations and hypothecations on the upcoming US election. Now the only thing in the news is all aspects of the coronavirus.*

*And what a first six months of the year this has been!*

*On February 19, the US stock market hit a new all-time high, with the S&P 500 reaching over 3380. Then by March 23 the market reached a low with a decline of 34% in just five short weeks. The US Fed and governments around the world announced fiscal and monetary policies to help support individuals and businesses that exceeded any previous levels of support. The stock market and credit market then proceeded to climb to a significant and speedy recovery and we are officially in a recession.*

*As in any recession a lot of unanswered questions remain – will there be another significant drop in the markets? Will there be another wave of coronavirus that leads to a shutting down of the economy? Has the economy started to recover? Will the government debt levels drag out a recovery? Has the market priced in all the negative news? There are two sides to each of these questions and no one has all the answers or can predict the outcome. Time and a well-diversified portfolio are the best defense.*

*It's said that there's something good that comes from something bad or put another way in the midst of chaos, there is opportunity and we are definitely in the midst of global chaos.*

*From a business standpoint this has meant; countries working together to find a vaccine, medical supply producers from around the world stepping up to provide supplies to other countries, manufacturers changing production to produce hand sanitizer, ventilators and masks at cost. Businesses moving to a digital online format in unprecedented time. All of which will lead to further positive changes. From a personal standpoint this has meant; families spending scheduled time seeing each other over zoom, friends at great distance using video conferencing to share news and a glass of wine together, families at home now having dinner together every night, more of us getting out to enjoy nature, to cycle or walk.*

*This time of self-isolation has given us all an opportunity to appreciate that which is within our control!*

*Enjoy your summer!*

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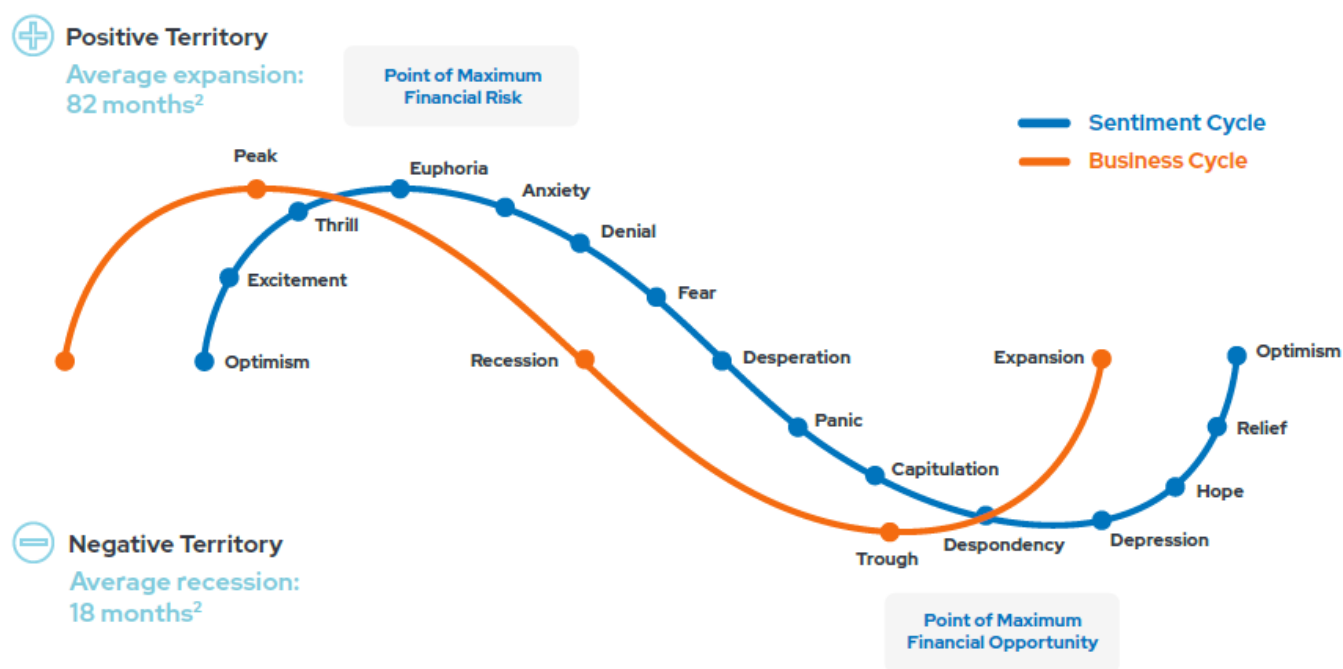
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## Understanding the Cycle of Market Emotions

Understanding how the market impacts your emotions in the time of COVID-19.

Recent market volatility has likely brought out emotions that some investors haven't experienced since the financial crisis – and other investors have never experienced before. It can be helpful to understand how the market cycle can impact your emotions, and that you're likely not alone in how you may be feeling. Understanding what you may feel in a financial downturn can help remove emotional decision making from investing. Focusing on the bigger picture, including what lies ahead, is a huge part of keeping your long-term investment strategy on track. The chart below examines how emotions can correlate to the different phases of the economic cycle.

### Today Understanding the Cycle of Market Emotions



Sources: 1. <https://optionalalpha.com/the-14-stages-of-investor-emotions-and-trading-psychology-10433.html>.

2. QRG; based on data from 07/1963-10/2019.

The temptation to fall into one of these traps can be resisted by developing and committing to a well-defined, personalized long-term investment plan. This may be the best way to protect yourself from your emotions.

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*".... Rarely will people fully accept that we must make decisions regarding the future without knowing it." H. Marks June 2020*



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## Hoping for the Best, Preparing for the Worst

Estate planning in the time of COVID-19.

COVID-19 has naturally prompted many Canadians to reflect on their own mortality and the well-being of their loved ones. Times like these can provide an impetus to ensure our estate plans are up to date, or to get started if we haven't yet. It's a difficult but important thing to consider, so you can ensure your wishes are realized and your beneficiaries are set up for success after you are gone.



### [Your estate plan: Leaving a legacy for tomorrow means planning today](#)

Establishing how you wish your financial affairs and assets – your “estate” – to be handled when you die is an important component of financial planning. A desire to leave a legacy behind when you pass on – whatever that legacy may be – has critically important implications for your financial plan today, as it can dictate how you allocate your assets, and how those assets are handled and/or managed. Integrating your estate plan with your financial and investment plans is critical to your long-term success – today and beyond.

### [Your Will: Where there's a Will, there's a way](#)

Ensuring your estate is settled and disbursed based on your wishes requires a Will. A Will expresses in clear and legally valid terms your wishes after you are gone, and a good Will does so effectively, thoughtfully and efficiently. If you die without a Will, it means you have died “intestate” – and in that case the government's intestacy rules kick in. This means that your wishes may not factor into how your estate is settled, but rather the government's standard formulas will determine how your estate is settled instead.

### [Power of Attorney: Plan for the possible but unpredictable](#)

Another aspect of estate planning that is often overlooked but is just as crucial for you and your family is a Power of Attorney. This is a legal document that empowers a person or an institution to act on your behalf, should you be unable to yourself. These powers can be either very broad – power over all of someone's affairs and finances – or more specific to their property, financial matters or health care.

### [Estate planning: It's important, and it can be complicated, but we can help](#)

Estate planning is important at any time. But the unprecedented times we are experiencing today can serve as a strong catalyst to action. Most of us want to help our families and beneficiaries by ensuring that they don't have to take on an unnecessary burden after we're gone, including unnecessary legal or tax issues that can lead to financial losses or family disputes. That's where your estate plan comes in.

*Please call Joanne if you have any estate planning issues you would like to discuss. Also know that RBC Royal Trust is available to provide a wide range of estate planning services should you wish to involve an objective third party.*

*“Worry is like a rocking chair: It gives you something to do, but never gets you anywhere” Erma Bombeck*



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## Protecting Yourself from COVID-19 Scams

With the arrival of the COVID-19 pandemic, protecting your health has become the #1 priority. Unfortunately, protecting your property and your privacy from criminals has also become increasingly important as scams and frauds soar during these trying times.

The COVID-19 pandemic is an unprecedented event, and we're all concerned about the health and safety of our loved ones. If that weren't enough, the pandemic has also brought in its wake criminals, fraudsters and scammers, who are feeding off the uncertainty brought on by the pandemic to deceive and steal.

### As anxiety spreads, so do the scammers

According to law enforcement and cyber security experts, fraudsters have exponentially ramped up their criminal activities with the arrival of COVID-19. The pandemic has made people particularly vulnerable to online scams for two reasons. One, the heightened emotions that it has generated make us vulnerable to these criminals' manipulations and deceptions. Two, the physical distancing necessary to help reduce the spread of the virus has left many of us isolated. This helps criminals to confuse and beguile their victims to more easily manipulate them into doing what they want.

### Stay cyber safe

The arrival of the coronavirus did not mark the beginning of phone and cyber (or online) crime and information theft. Fraudsters and thieves existed long before the arrival of the Internet. They existed before there were terms like phishing – where criminals send emails falsely purporting to be from real companies in an effort to induce you to provide them with key personal information, such as passwords and credit card numbers. But the pandemic has introduced a raft of specific COVID-19-related scams:

- **Texts:** Messages that appear to be from upstanding organizations like the Red Cross asking you to click a link to receive a free face mask or other PPE (personal protective equipment) are very likely false. Delete the text, and head to the organization's actual website to get the facts.
- **Emails:** Be on the lookout for COVID-19 emails pretending to be from a charity raising money to help in the fight against the virus, or from a government department to provide an "urgent" update or financial refund – they are phishing emails. Delete them and reach out directly to the charity or government agency.
- **Phone:** Beware of anyone claiming to be from an official government health organization. With one recent scam, fake officials falsely claim that you have tested positive for COVID-19, and ask you to provide them with your personal and financial information so you can receive a prescription for treatment. Don't provide any information, and instead just hang up. Ideally, don't answer calls from numbers you don't recognize.



*Learn how to protect yourself by visiting RBC's Cyber Security site at [rbc.com/cybersecurity](https://rbc.com/cybersecurity). You will learn how to spot and avoid scams, as well as what to do if you become a victim. Stay on top of the latest scams through the Scam Alerts page on the Cyber Security site.*

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*"An investor without investment objectives is like a traveler without a destination."*  
Anonymous



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